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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Federal-State Joint Board on)
Universal Service)
)
Forward-Looking Cost Mechanism)
For High Cost Support)

CC Docket No. 96-45

CC Docket No. 97-160

**COMMENTS OF CITIZENS UTILITIES COMPANY IN
SUPPORT OF THE PROPOSAL OF THE
ARIZONA CORPORATION COMMISSION FOR
DISTRIBUTION OF FEDERAL USF FUNDS TO ESTABLISH SERVICE
IN UNSERVED AREAS, OR IN THE ALTERNATIVE, FOR AMENDMENT
OF THE MAY 8, 1997 REPORT AND ORDER
TO PROVIDE FOR FEDERAL USF DISTRIBUTION FOR THIS PURPOSE**

Citizens Utilities Company, on behalf of itself and its telecommunications subsidiaries (hereinafter referred to, collectively, as the "Citizens Companies"), by its attorney, hereby submits its comments in response to the Common Carrier Bureau's request, in DA 98-714, released April 15, 1998, for comments on proposals to revise the methodology for determining federal universal service support, and show as follows:

On April 27, 1998, the Arizona Corporation Commission (the "ACC"), submitted comments proposing, *inter alia*, that a portion of federal USF funds be allocated for use in offsetting line extension or construction charges in establishing service to low-income customers in unserved areas. The Citizens Companies, which consist of local exchange carriers serving rural and high cost areas in multiple states, including Arizona,¹ serve primarily rural and high cost areas and are frequently asked to extend service to sparsely settled, remote areas in which

¹ The Citizens Companies serving Arizona are Citizens Telecommunications Company of the White Mountains, Citizens Utilities Rural Company, Inc. and Navajo Communications Company, Inc.


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customers are unable to absorb the costs of line extension. Accordingly, the Citizens Companies believe that the ACC raises an excellent point that has not heretofore been addressed by the Joint Board or Commission. The Citizens Companies fully concur in and support the ACC's proposal.

Respectfully submitted,

CITIZENS UTILITIES COMPANY

By: 
Richard M. Tettelbaum, Its Attorney

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May 14, 1998

CERTIFICATE OF SERVICE

I, Richard M. Tettelbaum, Associate General Counsel, do hereby certify that I have this 15th day of May, 1998, delivered copies of the foregoing "Comments of Citizens Utilities Company in Support of the Proposal of the Arizona Corporation Commission for Distribution of Federal USF Funds to Establish Service in Unserved Areas, or in the Alternative, for Amendment of the May 8, 1997 Report and Order to Provide for Federal USF Distribution for this Purpose" via first class mail, postage prepaid, to the following:



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